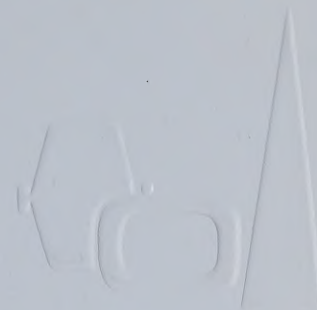


AR40



WESTERN BROADCASTING COMPANY LTD.

Annual Report 1976

TO THE SHAREHOLDERS

We are pleased to report that consolidated earnings before extraordinary items for the six months ended February 29 amounted to \$2,175,198 or 58 cents per share compared to \$1,174,667 or 30 cents per share the previous year.

Investment income amounted to \$114,845 compared to \$516,100 the previous year but interest expense declined to \$205,013 from \$1,340,135.

Radio broadcasting operations continue to show satisfactory growth despite increasing costs. Applications for renewals of the licenses of Radio NW Ltd. and Radio ML Ltd. have both been heard by the Canadian Radio - Television Commission.

Continuing its expansion, BCTV plans to extend its news and studio facilities to meet increased demands upon them.

In order to more equitably relate expenses with revenues, Northwest Sports Enterprises Ltd. has this year changed its accounting policy to absorb its expenses on a basis of home games played by the Vancouver Canucks. While this will not change the results for the year it will mean that the majority of expenses will be absorbed during the hockey playing season. The 1975 results have been restated to reflect this change. At February 29 the Canucks had played thirty-two home games (compared to thirty-one the previous year) and had eight regular season games remaining before the playoffs.

While management is pleased with the improved results it is pointed out that the major reduction in debt charges has contributed significantly to the improved results. While further reduction of debt charges should continue to occur their effect will be less in the second half of the year.

A quarterly dividend of 9 cents per share was declared payable March 31 to shareholders of the company at March 18, 1976.

On behalf of the board

F. A. GRIFFITHS, C.A.
President
W. J. HUGHES
Executive Vice-President
March 24, 1976

HEAD OFFICE:

1960 - 505 BURRARD STREET, VANCOUVER, B.C.

SUBSIDIARY COMPANIES —

100% OWNED

- Western Broadcast Holdings Ltd. — Vancouver, B.C.
- Saturna Investments Ltd. — Vancouver, B.C.
- Saturna Properties Ltd. — Vancouver, B.C.
- Radio NW Ltd. — New Westminster, B.C.
- Radio QR Ltd. — Calgary, Alberta
- Radio OB Ltd. — Winnipeg, Manitoba
- Radio ML Ltd. — Hamilton, Ontario
- Western Broadcast Sales (1970) Ltd. — Vancouver, B.C.
- Western Productions Ltd. — Vancouver, B.C.
- Western Broadcasting (Sports) Ltd. — Vancouver, B.C.

68.7% OWNED

- Northwest Sports Enterprises Ltd.
- Vancouver Hockey Club Ltd.

AFFILIATED COMPANIES

- British Columbia Television Broadcasting System Ltd., Vancouver, B.C. — 50.3% interest
- Little Mountain Sound Company Limited — 50% interest



WESTERN BROADCASTING
COMPANY LTD.

and Subsidiary Companies

INTERIM REPORT TO THE
SHAREHOLDERS

6 Months to February 29,
1976



WESTERN BROADCASTING COMPANY LTD.

and Subsidiary Companies

CONSOLIDATED STATEMENT OF EARNINGS

For the six months ended February 29, 1976
(with comparative figures for 1975)

(unaudited)

	Six months ended February 29	
	1976	1975 (1)
Broadcasting revenues	\$ 8,037,875	\$ 7,265,551
Broadcasting expenses	5,683,586	5,056,892
Net broadcasting revenues	2,354,289	2,208,659
Hockey revenues	5,507,806	4,326,861
Hockey expenses	4,225,794	3,985,079
Net hockey revenues	1,282,012	341,782
Total net revenues	3,636,301	2,550,441
Equity in earnings of British Columbia Television Broadcasting System Ltd.	560,786	390,046
Investment income	114,845	516,100
Interest on debt	4,311,932	3,456,587
Earnings before the following items	205,013	1,340,135
Provision for income taxes	4,106,919	2,116,452
Minority interest	1,726,182	897,547
Minority interest	205,539	44,238
Earnings before extraordinary items	2,175,198	1,174,667
Extraordinary items (2)	4,156,638	285,751
Net earnings for the period	\$ 6,331,836	\$ 1,460,418
Earnings per common share (3)		
– Before extraordinary items	\$.58	\$.30
– After extraordinary items	\$1.71	\$.38
Assuming full conversion of preferred shares		
– Before extraordinary items	\$.56	\$.30
– After extraordinary items	\$1.64	\$.38
(1) Restated to reflect the provision of deferred income tax for broadcast rights written off for tax purposes and also to absorb expenses of Northwest Sports Enterprises during the hockey playing season.		
(2) Extraordinary items 1976 – includes gain on sale of investment of \$4,042,120. after provision for income tax of \$1,347,373.		
(3) Based on average common shares outstanding.		

CONSOLIDATED STATEMENT OF CHANGES IN WORKING CAPITAL

For the six months ended February 29, 1976
(with comparative figures for 1975)

(unaudited)

SOURCE OF WORKING CAPITAL

	Six months ended February 29	
	1976	1975
Operations		
Earnings before extraordinary items	\$ 2,175,198	\$ 1,174,667
Items not involving current funds		
Depreciation and amortization	184,403	158,644
Increase in equity of BCTV in excess of dividends (1976 – \$214,033; 1975 – \$186,680)	(346,753)	(211,686)
Minority interest in earnings of subsidiary company	205,539	44,238
Reduction in income taxes by losses carried forward	114,518	—
Increase in deferred income tax	(18,800)	—
Proceeds from disposition of investments less income taxes thereon of \$1,347,373 ...	2,314,105	1,165,863
Reduction in non-current notes receivable	8,598,615	—
Premium on shares converted	—	156,050
Proceeds of sale and working capital deficiency of subsidiary company sold	14,242	—
Other	—	2,822,334
	3,684	6,109
	10,930,646	4,150,356

APPLICATION OF WORKING CAPITAL

Reduction of bank loans	3,413,000	2,460,000
Additions to fixed assets	166,970	393,449
Investment — Toronto Star Ltd. "B" shares ...	2,259,372	—
Increase in other investments	31,059	131,719
Repayment of long-term debt	36,600	23,200
Dividends paid	380,308	714,547
	6,287,309	3,722,915
Increase in working capital	\$ 4,643,337	\$ 427,441

Western Broadcasting Company Limited

1960-505 Burrard Street
Vancouver, B.C. V7X 1M6

Directors

FRANK A. GRIFFITHS, C.A., Vancouver, B.C.
WILLIAM J. HUGHES, Vancouver, B.C.
THE HON. WALTER S. OWEN, Q.C., Vancouver, B.C.*
PETER PAUL SAUNDERS, Vancouver, B.C.*
THEODORE S. SOSKIN, Calgary, Alberta*

**Members of the Audit Committee*

Officers

FRANK A. GRIFFITHS, C.A., Vancouver, B.C.
President
WILLIAM J. HUGHES, Vancouver, B.C.
Executive Vice-President
RODERICK M. MacLENNAN, Winnipeg, Manitoba
Vice-President, Manitoba
THOMAS E. DARLING, Hamilton, Ontario
Vice-President, Ontario
DAVID A. WILLIAMS, C.A., Vancouver, B.C.
Vice-President, Finance
D. ALEXANDER FARAC, B. COMM., LL.B.,
Vancouver, B.C.
Secretary

Stock Transfer Agent

Canada Permanent Trust Co.

Stock Listings

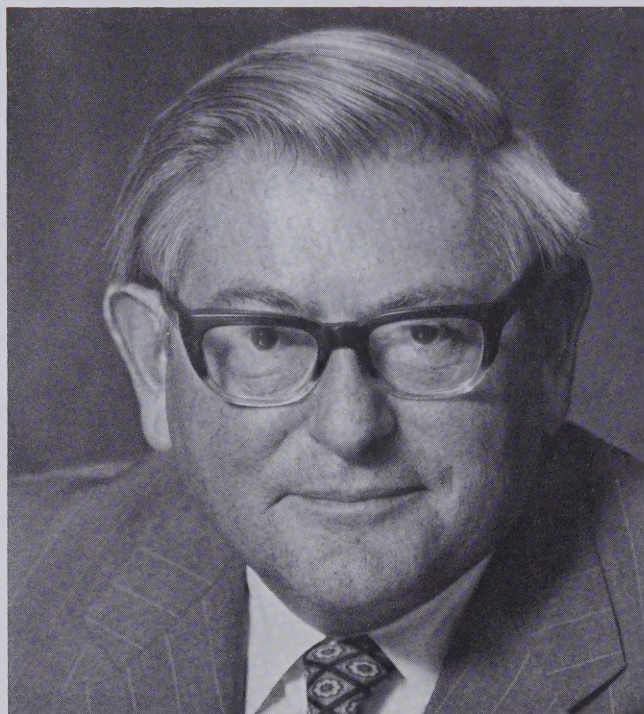
The common and preferred shares of the Company
are listed on the Toronto, Calgary and Vancouver
Stock Exchanges

Bankers

Toronto Dominion Bank
Royal Bank of Canada
Bank of Nova Scotia



Report to the Shareholders



F.A. GRIFFITHS, C.A.
President



WILLIAM J. HUGHES
Executive Vice-President

Western Broadcasting Company's fiscal year ended August 31st was highlighted by a significant reduction in financial costs resulting from the disposal of certain investments. Hockey earnings improved satisfactorily and television earnings continued to show growth. Radio broadcasting results experienced a small decline in earnings due in part to certain costs which may not reasonably be expected to recur.

Consolidated earnings before extraordinary items rose to \$3,976,538 or \$1.06 per share compared to restated earnings of \$2,682,693 or \$.71 per share the previous year. The previous year's earnings have been restated to reflect the increased income taxes and interest resulting from re-assessment of earnings of the previous year.

The year was also notable by reason of the extraordinary gains which amounted to \$5,775,504 compared to \$412,612 the previous year.

Total earnings for the year aggregated \$9,752,042 or \$2.63 per share increased from \$3,095,305 or \$.82 per share previously.

In October 1975, the Company tendered its 34% interest in Harlequin Enterprises Ltd. in response to a public offering and approximately 19% was taken up. The remainder of the Harlequin shares were sold in July 1976. Capital gains from these transactions amounted to \$5,853,026 after provision for income taxes of \$1,985,875 and this is included in our income statement as an extraordinary item.

The Company has retired all of its bank loans which approximated \$7 million the previous year, and holds short term deposits amounting to \$8,944,003 in addition to its marketable securities.

Interest on debts decreased this year from \$2,095,597 to \$395,375, however investment income also declined from \$574,037 to \$375,540.

The Company has satisfactorily resolved certain income tax assessments which were under review at the previous year end. The settlements effected have necessitated a restatement of the previous year's results and adjustment to retained earnings to reflect the income taxes assessed and interest thereon.

RADIO — British Columbia

The licences of CKNW and CFMI-FM were renewed during the year following applications to the C.R.T.C.

CKNW continues to enjoy its strong position with adult audiences within its signal area. Revenues and earnings both exceeded those of the previous year.

RADIO — Alberta

The increased power of the CHQR Calgary transmitter installed the previous year has proven worthwhile in increased audiences and revenues. The substantial improvement in operating results has more than justified the expenditure in the solidly based and vigorous economy of Alberta.

RADIO — Manitoba

The audience of CJOB Winnipeg remains dominant in its coverage area. CJOB-FM changed its call letters to CHMM and now provides a country style format to fill a need in this mid-west city. Early indications are that the new format is proving popular with listeners.

CJOB exceeded substantially the revenues and earnings of the previous year and continues to make an excellent contribution to corporate earnings.

RADIO — Ontario

CHML has long dominated the Hamilton market and continues to do so. CHML's sister station, CKDS-FM, is rated second station in the market. Revenues increased over the previous year, but earnings suffered slightly due in part to the costs of an income tax settlement including interest owing on the amount assessed. The CKDS format which has been so popular with audiences has been modified to meet the new requirements of the Canadian Radio-Television and Telecommunications Commission.

TELEVISION

British Columbia Television Broadcasting System Ltd. (BCTV) experienced increased revenues and net earnings and has continued to expand its coverage throughout British Columbia.

News and studio facilities have been expanded during the year and this has enabled BCTV to enlarge its news and program production schedule. The 6:00 p.m. "News Hour" continues to grow in viewer acceptance and the contribution to C.T.V. network programming has also increased significantly.

SALES REPRESENTATION

Western Broadcast Sales continued its growth and increased its sales and net earnings over those of the previous year. Representing 42 radio and television stations, this company's revenues are now earned from stations in all parts of Canada.



SOUND PRODUCTIONS

Little Mountain Sound Ltd. studios continued to make good progress and reported an increased cash profit for the year. This company is jointly owned by Western Productions Ltd. and Griffiths Gibson Productions Ltd. and is included in the accounts of the Company as an investment.

The commercial recording operation of Western Productions has been phased out during the year and its assets have been disposed of.

HOCKEY

*Northwest Sports Enterprises Ltd. —
Vancouver Canucks (68.5% owned)*

The improved ticket prices of the 1975/76 season together with good attendance, a revised player development program, and more efficient administration, all contributed to the improvement of earnings for the past year.

Notes received from expansion of the N.H.L. were included as extraordinary income of earlier years. It has been necessary to write down the value of these notes as some have been re-negotiated while others are in arrears. These provisions have been included among extraordinary items for the year.

Your directors note the effects of the country's anti-inflation controls on advertising budgets. To date the bookings by advertisers remain ahead of those of the previous year but by a narrower margin. However, operating expenses are also increasing at a somewhat lesser rate than the previous year.

Rate increases in the broadcasting industry have always been dependent upon a station's efficiency in reaching a desirable audience to whom advertisers may

offer their merchandise. This becomes pronounced in the current economic climate. The Company's strength lies in the strong and large audiences which regularly tune to Western's stations.

Interest rates have remained high and while this was a burden in prior years, for the moment the high rates provide a benefit in substantial earnings from the investment of surplus funds.

Extraordinary items this year include (a) gains on the disposal of the Company's investment in Harlequin Enterprises Ltd. of \$5,853,026, (b) tax reductions resulting from losses carried forward in one of the Company subsidiaries and (c) the Company's equity in write-downs of N.H.L. expansion notes by Vancouver Hockey Club Ltd.

The Company continued to pay quarterly dividends of 9¢ per share on A and B common shares.

The excellent results of this year have been achieved by the efforts of a talented and dedicated group of employees and officers. The directors take pride in the contribution the Company makes to broadcasting in Canada and acknowledges with thanks the contributions of all of its staff.

Signed on behalf of the Board

Director

Frank A. Griffiths, C.A.
President

Director

William J. Hughes
Executive Vice-President

November 15, 1976

Consolidated Financial Statements

WESTERN BROADCASTING COMPANY LTD. and subsidiary companies

Consolidated Statement of Earnings

Year ended August 31, 1976

	1976	1975*
Radio broadcasting revenues	\$16,014,841	\$14,758,022
Radio broadcasting expenses	<u>11,276,171</u>	<u>10,002,471</u>
Net broadcasting revenues	<u>4,738,670</u>	<u>4,755,551</u>
Hockey revenues	7,054,024	5,944,617
Hockey expenses	<u>5,459,376</u>	<u>5,766,615</u>
Net hockey revenues	<u>1,594,648</u>	<u>178,002</u>
Net broadcasting and hockey revenues	6,333,318	4,933,553
Equity in earnings of television broadcasting companies	989,969	723,738
Investment income	<u>375,540</u>	<u>574,037</u>
	<u>7,698,827</u>	<u>6,231,328</u>
Interest on long-term debt	<u>395,375</u>	<u>2,095,597</u>
Earnings before the following items	<u>7,303,452</u>	<u>4,135,731</u>
Provision for taxes on income		
Current	2,933,344	1,373,059
Deferred	<u>143,775</u>	<u>57,803</u>
	<u>3,077,119</u>	<u>1,430,862</u>
Earnings before minority interest and extraordinary items	4,226,333	2,704,869
Minority interest	<u>(249,795)</u>	<u>(22,176)</u>
Earnings before extraordinary items	3,976,538	2,682,693
Extraordinary items (note 6)	<u>5,775,504</u>	<u>412,612</u>
NET EARNINGS FOR THE YEAR	<u>\$ 9,752,042</u>	<u>\$ 3,095,305</u>
Basic earnings per common share		
Earnings before extraordinary items	\$1.06	\$.71
Extraordinary items	<u>1.57</u>	<u>.11</u>
NET EARNINGS FOR THE YEAR	<u>\$2.63</u>	<u>\$.82</u>
Fully diluted earnings per common share		
Earnings before extraordinary items	\$1.03	\$.69
Extraordinary items	<u>1.49</u>	<u>.11</u>
NET EARNINGS FOR THE YEAR	<u>\$2.52</u>	<u>\$.80</u>

*Restated note 7(a)

WESTERN BROADCASTING COMPANY LTD. and subsidiary companies*(Incorporated under the laws of British Columbia)***Consolidated Balance Sheet***as at August 31, 1976***ASSETS****CURRENT ASSETS**

	1976	1975*
Cash	\$ 262,127	\$ 360,263
Short term deposits	8,944,003	—
Marketable securities, at cost (quoted market value \$2,686,500)	2,261,452	2,080
Accounts receivable	2,878,478	2,612,551
Current portion of notes receivable	255,894	78,653
Prepaid expenses	496,288	634,315
Income taxes recoverable attributable to losses carried forward	—	290,372

15,098,242 3,978,234

INVESTMENTS (note 2)

7,304,421 15,850,259

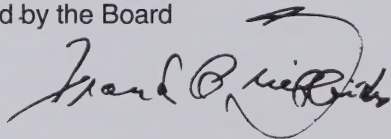
FIXED ASSETS

Land	276,691	276,691
Leasehold improvements, buildings and equipment, at cost less accumulated amortization and depreciation of \$2,831,755. (1975 \$2,416,969)	1,891,518	1,980,204
	<u>2,168,209</u>	<u>2,256,895</u>

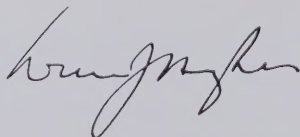
INTANGIBLE ASSETS

Hockey franchises and rights to players	12,153,473	12,153,473
Broadcast licence rights, goodwill and other intangibles	8,433,892	8,433,040
	<u>20,587,365</u>	<u>20,586,513</u>

Approved by the Board



Director



Director

\$45,158,237 \$42,671,901

LIABILITIES

CURRENT LIABILITIES

Bank advances, secured	\$ —	\$ 1,375,000
Accounts payable and accrued liabilities	1,038,672	1,204,550
Income taxes payable	2,858,082	1,521,778
Dividend payable	331,133	327,763
Deferred revenue	5,039,430	5,031,934
Current portion of long-term debt	15,000	1,339,500
Deferred income taxes related to current assets	62,400	160,800

1976

1975*

\$ —

\$ 1,375,000

1,038,672

1,204,550

2,858,082

1,521,778

331,133

327,763

5,039,430

5,031,934

15,000

1,339,500

62,400

160,800

9,344,717

10,961,325

1,241,500

5,534,200

1,677,081

1,739,503

1,577,045

1,482,778

LONG-TERM DEBT, secured (note 3)

DEFERRED INCOME TAXES

MINORITY INTEREST IN SUBSIDIARY COMPANIES

SHAREHOLDERS' EQUITY

CAPITAL STOCK (note 4)

Authorized

116,040 5¾% cumulative redeemable convertible
preferred shares par value \$25

4,251,880 Class A common shares without par value

4,000,000 Class B common shares without par value

Issued

Preferred shares

Common shares

1,601,350

1,906,575

14,186,370

13,881,145

15,787,720

15,787,720

40,690

10,168

15,489,484

7,156,207

31,317,894

22,954,095

\$45,158,237

\$42,671,901

CONTRIBUTED SURPLUS (note 5)

RETAINED EARNINGS

Contingent Liabilities (note 8)

*Restated note 7(a)

Consolidated Statement of Retained Earnings

Year ended August 31, 1976

	1976	1975
BALANCE AT BEGINNING OF YEAR		
As previously reported	\$ 7,498,348	\$ 6,076,832
Adjustment of prior years' income taxes (note 7(a))	<u>(342,141)</u>	<u>(263,961)</u>
As restated	7,156,207	5,812,871
Net earnings for the year	<u>9,752,042</u>	<u>3,095,305</u>
	<u>16,908,249</u>	<u>8,908,176</u>
Dividends paid		
Preferred shares	98,702	127,598
Class A common shares	742,509	870,393
Class B common shares	<u>577,554</u>	<u>753,978</u>
	<u>1,418,765</u>	<u>1,751,969</u>
BALANCE AT END OF YEAR	<u>\$15,489,484</u>	<u>\$ 7,156,207</u>

WESTERN BROADCASTING COMPANY LTD. and subsidiary companies

Consolidated Statement of Changes in Financial Position

Year ended August 31, 1976

	1976	1975
WORKING CAPITAL DERIVED FROM		
Operations		
Earnings before extraordinary items	\$ 3,976,538	\$ 2,682,693
Items not involving working capital		
Depreciation and amortization	352,722	300,106
Non-current deferred income taxes	14,775	87,003
Increase in equity of television broadcasting companies in excess of dividends received (1976 — \$428,065; 1975 — \$368,781)	(561,904)	(354,957)
Minority interest in earnings before extraordinary items of subsidiary company	249,795	22,176
Provision for loss on investment	—	149,999
Recovery of current year's income taxes on application of prior years' losses	261,000	—
Other	—	8,900
	<u>4,292,926</u>	<u>2,895,920</u>
Proceeds on disposition of investments		
Consolidated subsidiary companies including working capital deficiencies at date of disposition	—	3,063,297
Unconsolidated subsidiary, Bushnell Communications Ltd. less income taxes related thereto of \$237,446	—	8,569,014
Harlequin Enterprises Limited less income taxes related thereto of \$1,985,875	14,202,161	—
Other investments	9,385	221,479
Premium on conversion of preferred shares	30,522	10,168
Reduction in non-current portion of notes receivable	224,575	—
	<u>18,759,569</u>	<u>14,759,878</u>
WORKING CAPITAL APPLIED TO		
Increase in investments	46,600	133,625
Additions to fixed assets	264,036	862,189
Repayment of long-term debt	4,292,700	18,333,000
Reclassification of current portion of notes receivable as long-term	—	156,656
Dividends paid	1,418,765	1,751,969
Additions to intangible assets, including licences and goodwill	852	—
	<u>6,022,953</u>	<u>21,237,439</u>
INCREASE (DECREASE) IN WORKING CAPITAL POSITION	<u>12,736,616</u>	<u>(6,477,561)</u>
WORKING CAPITAL (DEFICIENCY) AT BEGINNING OF YEAR		
As previously reported	(6,296,019)	46,482
Adjustment of prior years' income taxes (note 7(a))	(687,072)	(552,012)
As restated	<u>(6,983,091)</u>	<u>(505,530)</u>
WORKING CAPITAL (DEFICIENCY) AT END OF YEAR	<u>\$ 5,753,525</u>	<u>\$ (6,983,091)</u>



Notes to Consolidated Financial Statements

Year ended August 31, 1976

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation:

These consolidated financial statements include the accounts of the following subsidiary companies:

Wholly-owned by Western Broadcasting Company Ltd.
 Western Broadcasting (Sports) Ltd.
 Western Broadcast Sales Ltd.
 Western Productions Ltd.
 Western Broadcast Holdings Ltd. and its wholly-owned subsidiaries
 Radio NW Ltd.
 Radio OB Ltd.
 Radio ML Ltd.
 Saturna Properties Ltd.
 Saturna Investments Ltd. and its wholly-owned subsidiary Radio QR Ltd.

68.5% owned by Western Broadcasting (Sports) Ltd.
 Northwest Sports Enterprises Ltd. and its wholly-owned subsidiaries
 Vancouver Hockey Club Ltd.
 Canucks Publishing Ltd.
 Rochester Americans Hockey Club 1969, Inc.
 Burrard Hockey Club Ltd.

Foreign currency translation:

Current assets and liabilities of the Company's U.S. subsidiary have been translated to Canadian dollars at year-end exchange rates, all other assets and liabilities at historic rates and revenues and expenses at the average rate for the period.

Accounting for long-term intercorporate investments:

The investment in British Columbia Television Broadcasting System Ltd. is accounted for by the equity method. Other investments are accounted for by the cost method.

Depreciation and amortization:

Fixed assets are stated at cost. Depreciation is recorded using the declining balance method at rates of 5% for buildings and 25% for broadcast equipment. Leasehold improvements are amortized on the straightline basis, over the term of the lease and hockey equipment is depreciated on the straightline basis over five years.

Franchises, rights, goodwill and other intangibles are recorded at cost which is not being amortized as the Company believes there has been no diminution in value.

Accounting for certain revenues and expenses:

Certain revenues and expenses, which are in the nature of start-up items associated with the next hockey season, including purchases and sales of rights to hockey players, that relate to the annual N.H.L. player draft held in June of each year, are deferred and charged or credited against income in the next fiscal period.

Income taxes:

The Company follows the normal practice of charging reported earnings with income taxes related to those earnings. Any differences between these taxes and taxes currently payable for the year are reflected as "Deferred income taxes".

2. INVESTMENTS

	1976	1975
British Columbia Television Broadcasting System Ltd. shares at cost plus equity in earnings since acquisition	\$ 6,778,425	\$ 6,216,521
Harlequin Enterprises Limited shares at cost	—	8,349,135
Interest bearing notes receivable (i)	329,282	1,125,103
Other	196,714	159,500
	<u>\$ 7,304,421</u>	<u>\$15,850,259</u>

(i) Together with other members of the National Hockey League, Vancouver Hockey Club Ltd. holds notes receivable from four member clubs resulting from expansion of the N.H.L. During the year the Company provided fully for one note considered doubtful and wrote down two notes to the amount of the cash settlement agreed to in principle by negotiation. The write-downs net of related deferred income taxes are treated as an extraordinary item. These notes are secured by a pledge of the franchises involved and the players contracts, and management considers this security sufficient to cover the amounts outstanding.

3. LONG-TERM DEBT

	1976	1975
Term bank loans	\$ —	\$ 5,552,500
8½% Convertible subordinated debentures due November 15, 1990	1,136,500	1,186,200
Other	120,000	135,000
	<u>1,256,500</u>	<u>6,873,700</u>
Less principal due within one year	15,000	1,339,500
	<u>\$ 1,241,500</u>	<u>\$ 5,534,200</u>

The debentures are convertible until maturity into common shares of a subsidiary company at \$10 per share. The Company has the right to redeem the debentures at a prescribed premium until 1988 and thereafter at par, and to purchase the debentures for cancellation at prices not exceeding the redemption price thereof. The Trust Indenture requires that payments be made to the Trustees in the years 1981 through 1989 of an amount sufficient to retire \$200,000 principal of the debentures in each of these years. The sinking fund requirement has been reduced by the amount of debentures purchased for cancellation or converted to shares aggregating \$561,700 to August 31, 1976.

4. CAPITAL STOCK

Authorized

- (i) The preferred shares are convertible into Class A common shares of the Company to December 1, 1979 on the basis of three common shares for one preferred share and \$2.50 cash.

The preferred shares are redeemable by the Company to December 1, 1979 at \$27.50 per share and thereafter at \$26.00 per share, together with an amount equal to all unpaid preferential dividends accrued thereon to the redemption date.

The Company may purchase the preferred shares for cancellation on the open market on certain terms and conditions.

- (ii) 192,162 unissued Class A common shares are reserved for conversion of the preferred shares.
- (iii) The Class A and Class B shares are interchangeable and have the same rights and attributes including the right to participate equally as to dividends. Dividends paid on Class B shares must be equivalent to those paid on the Class A shares out of tax-paid undistributed surplus on hand (as defined in the Income Tax Act of Canada) after consideration of the 15% tax paid to create it.

Issued

Number of shares issued

	Preferred	Class A Common	Class B Common
Balance August 31, 1975	76,263	1,928,785	1,712,725
On conversion of preferred shares with a par value of \$305,225	(12,209)	36,627	—
Class A shares exchanged for Class B	—	(141,120)	141,120
Class B shares exchanged for Class A	—	274,293	(274,293)
Balance August 31, 1976	<u>64,054</u>	<u>2,098,585</u>	<u>1,579,552</u>

5. CONTRIBUTED SURPLUS

Balance August 31, 1975	\$10,168
Premium of \$2.50 per share on the conversion of 12,209 preferred shares to Class A common shares during the year	30,522
Balance August 31, 1976	<u>\$40,690</u>

6. EXTRAORDINARY ITEMS

	1976	1975
Gain (loss) on disposal of:		
Harlequin Enterprises Ltd. less related income tax of \$1,985,875	\$5,853,026	\$ —
Bushnell Communications Ltd. less related income tax of \$237,446	—	395,870
Express Cable Television Ltd.	—	285,751
Seattle Totems Hockey Club Inc.	—	(253,850)
Marketable Securities	—	(21,275)
Realization of tax savings on application of loss carry-forwards	261,000	6,116
Write-down of notes receivable of N.H.L. expansion clubs less related deferred income taxes of \$52,895	(338,522)	—
	<u>\$5,775,504</u>	<u>\$ 412,612</u>

7. INCOME TAXES

- (a) During the year a subsidiary company claiming broadcast rights for income tax purposes settled the treatment with Revenue Canada, Taxation. The comparative figures in the accompanying financial statements have been restated to show a retroactive charge of \$342,141. Of the \$342,141, \$78,180 is applicable to 1975 and has been charged to income for that year; the remaining \$263,961 is applicable to years prior to September 1, 1974 and has been charged to retained earnings at that date.


- (b) Certain subsidiaries have incurred losses aggregating \$165,700 which are available to reduce future years' taxable income and expire as follows:

1979 —	\$57,700
1980 —	\$30,300
1981 —	\$77,700

No recognition has been given in the accounts to the potential tax reduction attributable to these losses.

8. CONTINGENT LIABILITIES

- (a) There is a continuing action in the United States against the N.H.L. and its members (which includes Vancouver Hockey Club Ltd.) for damages and costs allegedly sustained by a plaintiff by reason of alleged violations of United States anti-trust laws. The N.H.L. has answered



the complaint denying the allegations. Management of the Company believes no material loss to the Company will result.

- (b) An application was made on April 10, 1975 for permission to commence an action against the Company and others to recover the premium paid by Standard Broadcasting Corporation Limited for shares in Bushnell Communications Limited which was over the quoted market value of the shares. The application has not yet been disposed of by the Supreme Court of Ontario. Counsel for the Company advises that it is premature at this time to comment on the possible outcome of these proceedings.
- (c) Vancouver Hockey Club Ltd. holds a 1/15th interest in a limited partnership which was formed to operate the California Golden Seals in the N.H.L. and the Salt Lake City Golden Eagles in the C.H.L. Effective June 1, 1975 the partnership sold its assets and has since remained inactive. Vancouver Hockey Club Ltd. is contingently liable in the amount of \$180,000 for its share of a liability transferred to the limited partnership.
- (d) The company is the guarantor of bank advances in the amount of \$493,000.

9. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The aggregate remuneration paid or payable for the year by the Company and its subsidiaries to directors and senior officers of the Company as defined in the Companies Act, British Columbia amounted to \$448,608.

10. COMPARATIVE FIGURES

Certain of the 1975 figures have been reclassified to conform to the presentation used in the current year.

11. ANTI-INFLATION PROGRAMME

Under the Anti-Inflation Act the amount of dividends the company may pay is restricted.

Auditors' Report

To the Shareholders of
Western Broadcasting Company Ltd.

We have examined the consolidated balance sheet of Western Broadcasting Company Ltd. and its subsidiary companies as at August 31, 1976 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination of the financial statements of Western Broadcasting Company Ltd. and its consolidated subsidiaries included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. For British Columbia Television Broadcasting System Ltd., which is accounted for by the equity method, we have relied on the report of the auditors who examined its financial statements.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at August 31, 1976 and the results of their operations and the changes in their financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

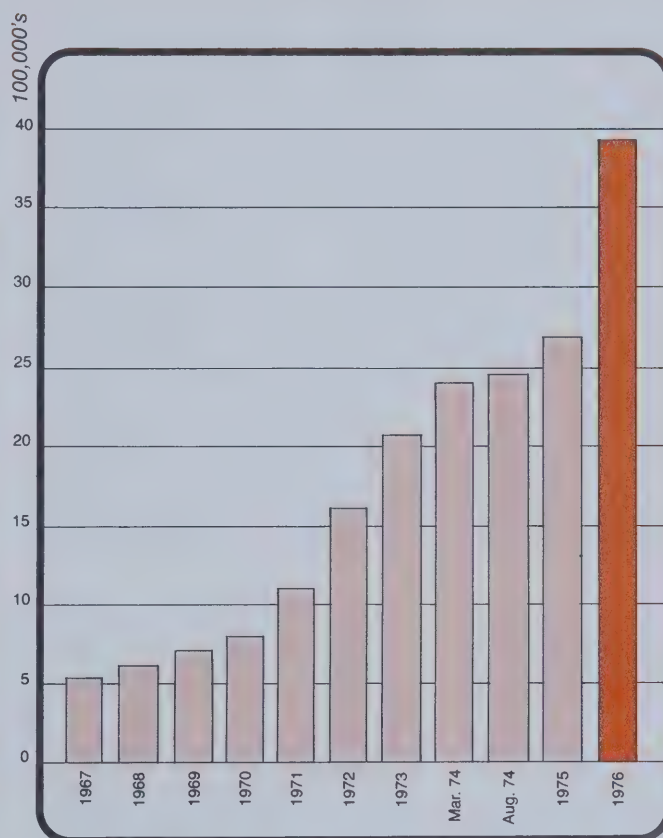
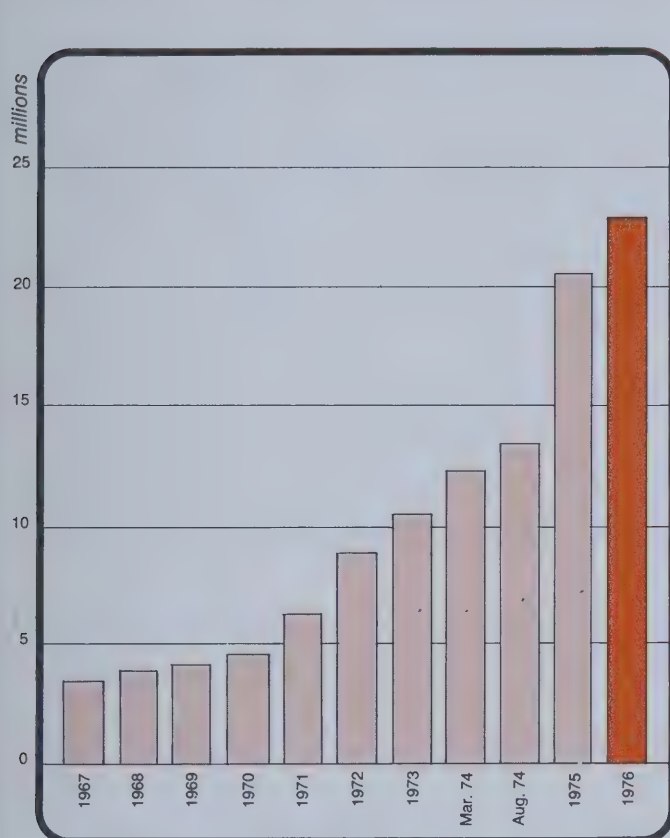
Vancouver, B.C.
October 22, 1976



Chartered Accountants

GROSS REVENUE

NET EARNINGS



Ten Year Comparative Statement of Earnings

Year Ended	Gross Revenue	Net Operating Revenue	Income from Investments	Depreciation	Interest on Long Term Debt	Income Taxes	Minority Interest	Net Earnings
August 31, 1976	\$23,068,865	\$7,676,009	\$375,540	\$352,722	\$ 395,375	\$3,077,119	\$249,795	\$3,976,538
August 31, 1975	20,702,639	5,957,397	574,037	300,106	2,095,597	1,430,862	22,176	2,682,693
August 31, 1974*	13,082,760	5,401,007	499,947	349,876	1,530,724	1,600,794	(15,094)	2,434,654
March 31, 1974	12,126,747	4,623,232	580,464	372,399	914,775	1,506,718		2,409,804
March 31, 1973	10,504,760	3,876,501	448,701	414,315	441,590	1,349,266		2,120,031
March 31, 1972	8,892,960	3,459,850	156,575	292,749	204,279	1,362,226		1,757,171
March 31, 1971	6,274,324	2,385,748	177,675	223,575	—	1,142,729		1,197,119
March 31, 1970	4,234,397	1,375,081	192,398	107,101	21,907	697,430		741,041
March 31, 1969	4,021,576	1,348,683	89,830	86,516	—	673,627		678,370
March 31, 1968	3,655,163	1,179,006	44,575	73,720	—	552,777		597,084
March 31, 1967	3,343,964	1,075,744	9,543	84,365	20,016	433,819		547,087

*Year end change — 12 months to August 31, 1974

Above table excludes extraordinary gains, Aug. 1976, \$5,775,504; Aug. 1975, \$412,612; Mar. 1968, \$434,682.



For CKNW, 1976, as every year, has been one filled with activity and community involvement.

There was the Sea Festival and a special day for kids. The United Way kickoff. The first day of spring with daffodils for all.

Throughout the year, CKNW is a part of the community it serves, through comprehensive news reporting and sports coverage, and stimulating, entertaining, and informative programming by some of the most professional broadcast people in the business.

Above all, though, CKNW has had another rewarding year as host of the CKNW Orphans' Fund.

The Orphans' Fund was initiated by CKNW over 31 years ago and since that time has raised over \$1.8 million for orphans and underprivileged youngsters through such annual events as the Herring Sale, the Bartenders' Blitz, and the Orphans' Fund Bowling League, where close to 3,000 women bowlers contribute a full year's bowling fees to the Fund. As well as daily and yearly assistance, the Fund also sponsors Christmas gifts and gift certificates in an effort to give the more than 9,000 youngsters an extra touch of the Christmas spirit. The highlight of each year is the CKNW Orphans' Fund picnic, which hosts over 2,000 institutionalized children to a full day of food, fun and games at the fair.



CHQR: Calgary's good music station



CHQR, with its 50,000 watt signal, is now received throughout all of southern Alberta. Its adult audience continues to grow among people who enjoy good music and responsible news reporting.

1975 was Calgary's year to host the Grey Cup game — and CHQR was there, right in the middle of the excitement. Pictured at left is the broadcast booth with CHQR personalities, broadcasting live from the Four Seasons Hotel lobby during Grey Cup week.

Another highlight of the year was CHQR's "Light Up a Child's Life" 1975 Christmas Campaign for the Calgary Cerebral Palsy Association which raised \$17,000 during a three week appeal. Roger Whittaker, well known recording artist, kicks off the campaign by purchasing the first of 17,000 lights which shone from the front of the Calgary Inn. Left to right: CHQR's Morning Man, Don Slade; Roger Whittaker; Lisa King (cerebral palsy victim); assorted mascots from local shopping centres; rear, Mr. Dennis Forestal, Manager, Calgary Inn.



CJOB: the authoritative voice of Manitoba

Winnipeg is a thriving city of 600,000 people located at the confluence of the Red and the Assiniboine Rivers at the "gateway to the West". CJOB is the authoritative voice that dominates the airwaves of the area to keep its people informed and entertained. More people tune to CJOB than to all other stations, for news, weather, sports, commentary and entertainment.

Winnipeg is a sports-minded city — and CJOB is a sports-minded station. It broadcasts the football games of the Winnipeg Blue Bombers and the hockey games of the Winnipeg Jets.

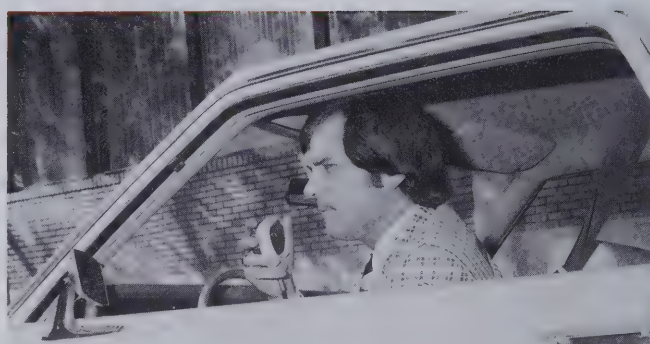
Pictured here are a few of the reasons why most Winnipeggers tune to 68 on their dial.



Winnipeg Jets' Coach Bobby Kromm joins CJOB Sports Director, Ken Nicolson, on "THE HOCKEY HOTLINE" each week.

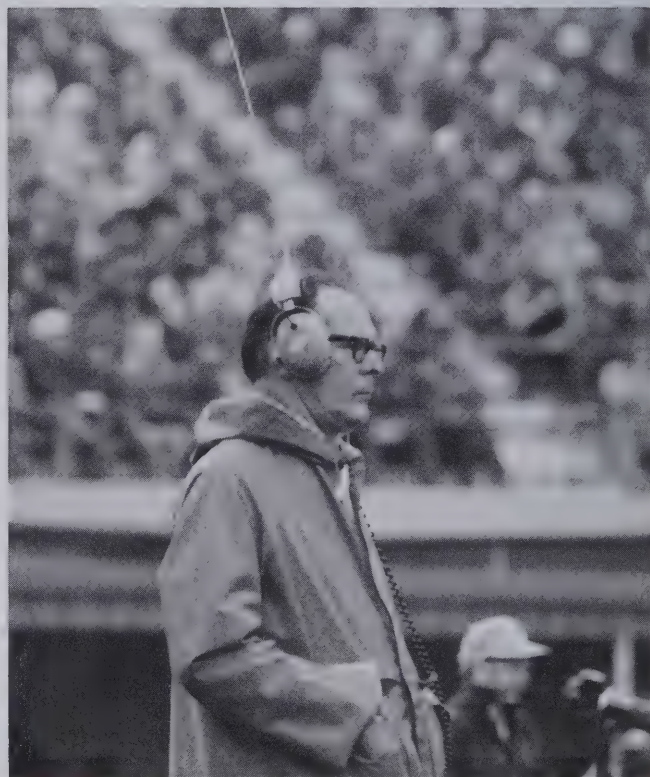


CJOB's football crew at work. Left to right: Bob Irving, Ken Ploen, Ken Nicolson and Mitch Zalnasky.



CJOB NEWS

CJOB's Jim Armit, at the wheel of the News Cruiser.



CJOB's George McCloy covers every Blue Bomber home game — in the stands and right at field level.

CHML Hamilton

CHML retains its dominant position in the community through its conscientious concern for the community's welfare. Whatever the need, CHML is always ready to assume a prominent position in fulfilling it.

When the disastrous earthquakes struck Northern Italy recently, CHML recognized the concern of the large Italian community in Hamilton and immediately organized a fund-raising blitz on the Popular Tom Cherington Action Line programme.



Here, former Tiger Cat football player and CHML sports personality, John Michaluk, urges support while show host, Tom Cherington, reads pledge sheets. Working on the show were members of the Italian community.

CKDS-FM Hamilton

CKDS/Stereo 95 continues in the unique position of being the second most listened to station in Hamilton, behind its sister station CHML. CKDS/Stereo 95 continues to deliver much larger audiences than the two other AM stations in the market.

BBM audience figures show Hamilton has the highest FM set penetration in Canada. The CKDS-FM audiences have consistently increased each year. The excellence of CKDS/Stereo 95 programs attract adult listeners for an average of 9.1 hours per week, one of Canada's highest averages in a major metro market.



"Give a child the breath of life"

Well known television and recording star Tommy Hunter helped CHML "pedal" over \$12,000 in donations to help fight Cystic Fibrosis during a special bicycle marathon arranged by the station. Here, Tommy Hunter, who is national celebrity chairman for Cystic Fibrosis, talks to CHML personality Bob Bratina.



bctv

**BRITISH COLUMBIA TELEVISION
BROADCASTING SYSTEM LTD.**

Program production at British Columbia Television took its biggest strides this year. BCTV upped its contribution of programming to the CTV Network by almost 70% per week over the past season.

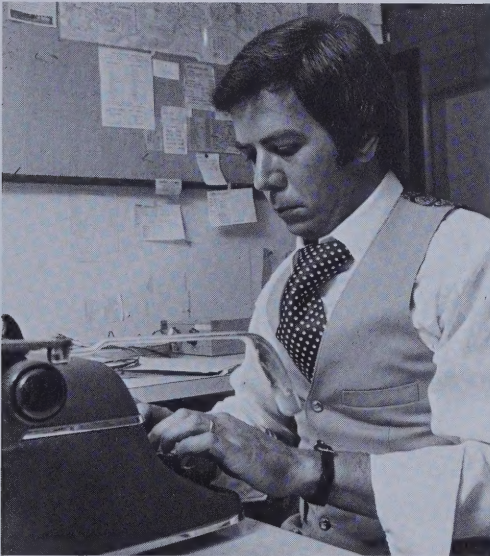
The most ambitious project was "The Alan Hamel Show". This hour-long program is seen every weekday afternoon across Canada. The format is talk-variety which is a complete departure from the network's cus-

tomary daytime schedule. Canadian-born Hamel plays host to Canadian and international celebrities and personalities. Many Vancouver area performers have received their first national television exposure this season on "The Alan Hamel Show". As well, the show is able to lure Canadians, who have become international celebrities, back to Vancouver for an appearance. Pictured here is broadcaster/author Art Linkletter recalling his childhood years in his Saskatchewan birthplace.





British Columbians were able to see the Vancouver Symphony Orchestra this past season as a result of another BCTV production. Canadian jazz pianist Oscar Peterson was on the West Coast in the fall of 1975 for a concert with the VSO. BCTV video-taped the concert and it was replayed on the full CTV Network.



Tony Parsons, anchorman of BCTV's successful "News Hour".

BCTV and the CTV Network combined forces to produce the pilot drama "Waterfront". Here BCTV's new "ENG" camera is employed to shoot a scene from a North Vancouver dock.





VANCOUVER CANUCKS

The 1975 season saw the Vancouver Canucks in the Stanley Cup Playoffs for the second consecutive year. The pre-season exhibition games with the Montreal Canadiens and the Los Angeles Kings got the season off to a fine start with the Coliseum sold to capacity. The season provided some excellent hockey entertainment for the fans and the fans supported the team well with the "sold out" sign being hung out regularly.

The team played well despite losing out to the New York Islanders in the playoffs.

Shown here are some exciting scenes taken from various games, all of which are part of the reason why Vancouver fans have supported their Canucks so well.



Subsidiary Companies

RADIO NW LTD.

H.L. DAVIS *Station Manager*

RADIO OB LTD.

R.M. MacLENNAN *President and Manager*

RADIO QR LTD.

T.S. SOSKIN *President and Manager*

RADIO ML LTD.

T.E. DARLING *President*

WESTERN BROADCAST SALES LTD.

M.J. DAVIES *Manager*

WESTERN PRODUCTIONS LTD.

NORTHWEST SPORTS ENTERPRISES LTD.

COLEMAN E. HALL *President*

VANCOUVER HOCKEY CLUB LTD.

P. MALONEY *General Manager and Coach*

Affiliated Company

BRITISH COLUMBIA TELEVISION BROADCASTING
SYSTEM LTD.

J.R. PETERS *President and General Manager*

